

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7617

BILL NUMBER: HB 1434

DATE PREPARED: Jan 25, 2001

BILL AMENDED: Jan 25, 2001

SUBJECT: Pensions for Lake County Correctional Officers.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill: 1) provides that a park ranger employed in Evansville who attended a law enforcement academy outside Indiana may become a member of the 1977 Pension Fund. (Current law provides that a park ranger in Evansville may become a member of the fund only if the park ranger attended the Indiana Law Enforcement Academy.)

2) provides that the Lake County Sheriff's Department may establish a pension trust for the correctional officers in the county. It establishes a maximum monthly contribution to the pension trust of 4% of a correctional officer's average monthly wages. The bill allows the department to pay all or part of an employee's monthly contribution. It provides that a correctional officer who completes at least 20 years of service and is at least 55 years of age is eligible for retirement with a monthly pension. The bill allows a correctional officer who has at least ten but less than 20 years of service or who is at least 45 years of age with 20 years of service to retire with a reduced monthly pension. It provides formulas for calculating monthly pension and reduced monthly pension amounts. The bill allows the sheriff's department to establish and operate a death benefit program for the survivors of a deceased correctional officer. It allows the sheriff's department to provide disability benefits to correctional officers.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) 1) This provision provides that a park ranger employed in Evansville who attended a law enforcement academy outside Indiana may become a member of the 1977 Pension Fund. The specific fiscal impact will depend upon the number of Evansville park rangers who attended a law enforcement academy outside Indiana. Currently, there is one Evansville park ranger affected by this proposal. The cost to the city of Evansville, as employer, is 21% of the ranger's salary. There is also

a six percent contribution by the park ranger. The city, as employer, may pay all or part of the member's contribution.

2) provides that the Lake County Sheriff's Department may establish a pension trust for the correctional officers in the county.

It is estimated that this proposal will cost the county about \$1.2 M per year. Below is a table which identifies the estimated costs involved.

<u>Summary of Costs</u>	<u>Amount</u>	<u>Percentage of Payroll</u>
Retirement Plan	\$994,640	28.2%
<u>Benefit Plan</u>	<u>169,151</u>	<u>4.8%</u>
Total	\$1,163,791	33.0%

Employee Statistics

Number of Participants	155
2000 Estimated Approved Payroll	\$3,026,882
Estimated Annual Employee Contribution	\$161,075

The fund affected is the general fund for Lake County.

Explanation of Local Revenues:

State Agencies Affected: PERF as administrators of the 1977 Police Officers' and Firefighters' Pension and Disability Fund.

Local Agencies Affected: City of Evansville; Lake County Correctional Officers.

Information Sources: Doug Todd of McCready & Keene, Inc., 576-1508; and Elaine Beaty of McCready & Keene, Inc., actuaries for many of the Sheriff's plans, 849-4333.